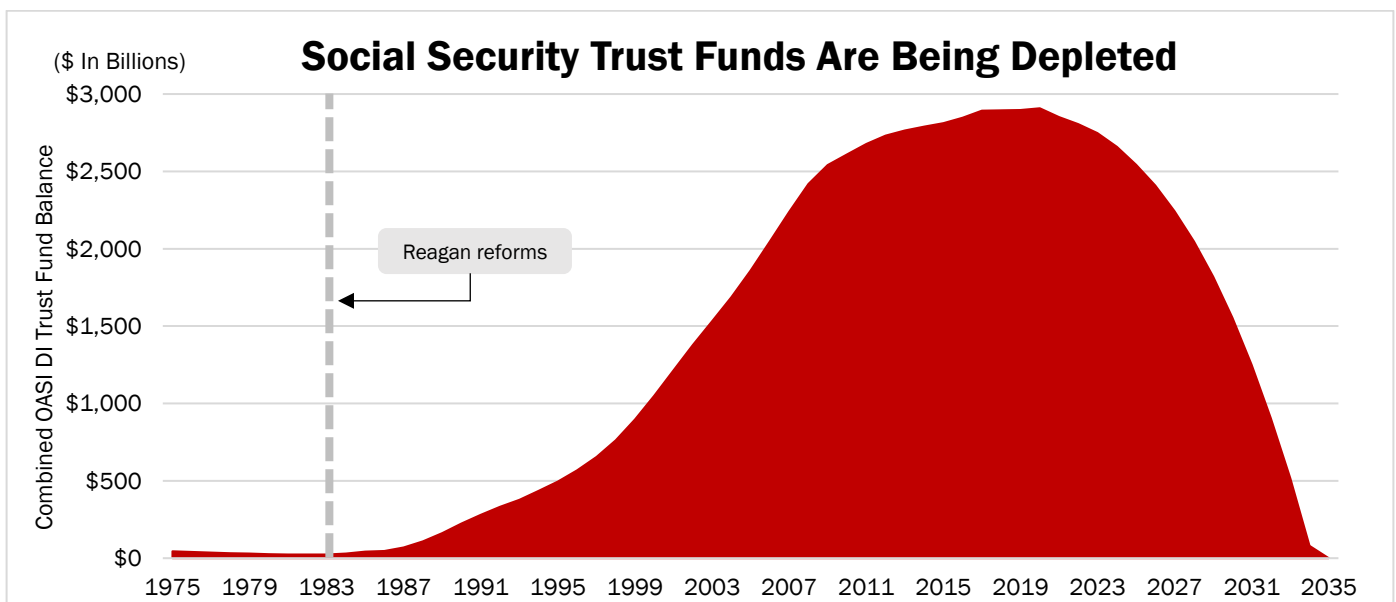




SOCIAL SECURITY'S IMPENDING COLLAPSE

Congress has a long history of expanding or raiding the Social Security program without simultaneously finding an offset.¹ While the Social Security trust funds are financed primarily by revenues from Federal Insurance Contributions Act (“FICA”) taxes and Self-Employment Contributions Act (“SECA”) taxes, Congress has “reimbursed” hundreds of billions of dollars to the trust funds from the Department of Treasury’s General Fund, which is running an annual deficit.² For example, Congress created a special Social Security benefit in the 1960s to certain individuals aged 72 and over who were not previously covered by the program because they were too old to pay enough taxes into the system to be eligible for regular benefits.³ To pay for these new benefits, the trust funds were reimbursed with retroactive payments from the Treasury’s General Fund.⁴ More recently, President Obama signed into law a temporary payroll tax cut in 2011 and 2012 then reimbursed the Social Security trust funds from the General Fund to make up for the lost revenue.⁵ These are just a few of the many examples.

By ignoring the economic realities of the future of the program, Social Security has been left on unstable footing. The Social Security Trustees’ latest report shows that the combined trust funds are expected to be depleted by 2035.⁶ Once those trust funds are depleted, there will be across-the-board benefit cuts for seniors and only 77% of scheduled benefits will be able to be paid out.⁷ Considering this, Congress should stop taking funds intended for Social Security benefits as a pay-for to expand or create other government programs.



Source: 2022 OASDI Trustees Report

- **Social Security trust funds are nearly bankrupt.**
 - While the Social Security trust funds built up trillions of dollars in surpluses due to the bipartisan reforms President Reagan signed into law in 1983, those surpluses have been rapidly dwindling down in recent years, as can be seen in the chart above of the combined trust fund balances.⁸
 - Since 2010, expenses for the combined Old-Age & Survivors Insurance (OASI) and Disability Insurance (DI) trust funds have exceeded revenue from payroll taxes. Therefore, the Social Security trust funds that pay out benefits to retirees and disabled workers have been running a cash deficit since 2010.⁹

- The Social Security trust funds have maintained a total surplus when interest income from the trust funds were added to payroll tax revenue. However, beginning in 2021, costs exceeded combined income and began to eat into the corpus of the trust fund.¹⁰

If Congress were to expand Social Security or create a new federal program that directs money away from the trust funds without further reforms, it could push up the insolvency date of the trust funds to before 2035. Therefore, Congress must stop using Social Security to further other political priorities.

Publ. June 6, 2022

¹ General Revenue and the Social Security Trust Funds. Committee for a Responsible Federal Budget. August 19, 2014. <https://www.crfb.org/blogs/general-revenue-social-security-trust-funds>

² General Revenue and the Social Security Trust Funds. Committee for a Responsible Federal Budget. August 19, 2014. <https://www.crfb.org/blogs/general-revenue-social-security-trust-funds>

³ Notes and Brief Reports: Special Age-72 Social Security Benefits Awarded in 1981. Social Security Administration. <https://www.ssa.gov/policy/docs/ssb/v46n1/v46n1p33.pdf>

⁴ Notes and Brief Reports: Special Age-72 Social Security Benefits Awarded in 1981. Social Security Administration. <https://www.ssa.gov/policy/docs/ssb/v46n1/v46n1p33.pdf>

⁵ The President Signs H.R. 3765: The “Temporary Payroll Tax Cut Continuation Act of 2011.” Social Security Administration. December 28, 2011. https://www.ssa.gov/legislation/legis_bulletin_122811.html and General Revenue and the Social Security Trust Funds. Committee for a Responsible Federal Budget. August 19, 2014. <https://www.crfb.org/blogs/general-revenue-social-security-trust-funds>

⁶ Social Security Administration. The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Trust Funds. June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf>

⁷ Social Security Administration. The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Trust Funds. June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf> and Trina Paul. Will Social Security run out of money? Here’s what could happen to your benefits if Congress doesn’t act. February 10, 2022. <https://www.cnn.com/2022/02/10/social-security-run-out-heres-what-you-need-to-know/#:~:text=Bottom%20line,full%20benefits%20unless%20Congress%20acts>

⁸ John A. Svahn and Mary Ross. Social Security Amendment of 1983: Legislative History and Summary of Provisions. July 1983. <https://www.ssa.gov/policy/docs/ssb/v46n7/v46n7p3.pdf>

⁹ Social Security Administration. Trust Fund Data. (Accessed June 6, 2022) <https://www.ssa.gov/oact/STATS/table4a3.html>

¹⁰ Social Security Administration. Trust Fund Data. (Accessed June 6, 2022) <https://www.ssa.gov/oact/STATS/table4a3.html>